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Secretary Mary Cottrell  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

**RE: DTE 04-115, Procurement of Default Service Power Supply  
Reply Comments**

Dear Secretary Cottrell:

Local 369 of the Utility Workers Union of America ("UWUA Local 369") again thanks the Commission for the opportunity to submit comments regarding the procurement of default service power supply and offers these reply comments.

First, UWUA Local 369 finds very convincing the arguments of NSTAR (echoed by some of the other commenting parties) regarding the disadvantages of conducting a state-wide auction. NSTAR Comments, pp. 22 - 25. Currently, Massachusetts has a procurement model which most parties, including UWUA, find largely acceptable, even though numerous suggestions have been made for improvements. The Department, no doubt with support from costly retained consultants, would need to become directly and heavily involved in any state-wide procurement process. UWUA believes this would strain the Department's already limited resources with little clear advantage for consumers. New Jersey, which employs a descending

clock auction; Maine, which uses a statewide request for bids process; and Massachusetts, which has the distribution companies procuring supply under standardized rules — each state has taken a somewhat different approach to procuring what Massachusetts calls “default” service (known as “basic” or “standard” service in other states). While UWUA does not find either the New Jersey or Maine models seriously flawed, there is little reason to believe that switching to either of these other models will result in significant improvements for consumers in Massachusetts. It is clear that changing from the current, well-established model will require the creation of costly new administrative mechanisms that will strain the Department’s own resources.

Second, UWUA Local 369 in its initial comments suggested that consumers would benefit if distribution companies were allowed the discretion to enter into longer term contracts, “especially [for] the output of an alternative energy facility which would have difficulty obtaining financing in the absence of the guarantee of a long-term purchase.” UWUA Comments, p. 6. The Union of Concerned Scientists (UCS) et al.<sup>1</sup> have filed much more extensive comments on the benefits of distribution companies signing longer-term contracts with alternative energy suppliers, both in terms of lower prices for consumers and carrying out the legislature’s goals of promoting alternative energy. UWUA Local 369 urges the Department to give serious consideration to this issue, given the legislative support for promoting the “development of renewable energy projects”<sup>2</sup> and the practical considerations UCS has raised about the best ways to do so.

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<sup>1</sup> UCS filed comments joined with Massachusetts Public Interest Research Group, Conservation Law Foundation, Massachusetts Energy Consumers Alliance, and Clean Water Action.

Third, UWUA Local 369 urges the Department to always consider the public interest that consumers have in low and stable rates, even while it considers the oft-stated goal of promoting competitive markets. As DOER notes in its comments, the legislature did not contemplate that default service would be the supply source for the vast majority of residential and small business customers even seven years after passage of the Restructuring Act. DOER Comments, p. 4. Given that the reality is indisputably quite different than the legislature contemplated, the Department has the obligation of deciding which default service procurement rules will best serve the public interest of obtaining lower, more stable prices for consumers.<sup>3</sup> The Department's primary goal should not be setting rules that make sure competitors will be able to increase their market share.

Respectfully submitted,

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<sup>2</sup> See, e.g., G. L. ch. 25, § 20.

<sup>3</sup> “[T]he function of the department is in the protection of public interests and not the promotion of private interests.” *Lowell Gas Light Co. v. DPU*, 319 Mass. 46, 52 (1946).